

SUMMARY

The Office of Natural Gas and Petroleum Import and Export Activities prepares quarterly reports summarizing the data provided by companies authorized to import or export natural gas. Companies are required, as a condition of their authorizations, to file quarterly reports. This report is for the second quarter of 1998 (April through June).

Attachment A shows the percentage of takes to maximum firm contract levels and the weighted average per unit price for each of the long-term importers during the five most recent reporting quarters.

Attachment B shows volumes and prices of gas purchased by long-term importers and exporters during the past 12 months.

Attachment C shows volume and price information pertaining to gas imported on a short-term or spot market basis.

Attachment D shows the gas exported on a short-term or spot market basis to Canada and Mexico.

Second Quarter Highlights:

Exports to Mexico increased by nearly 85 percent compared to the second quarter of 1997 (14.4 v. 7.8 Bcf) and by about 24 percent compared to last quarter (14.4 v. 11.6 Bcf). Half of these exports to Mexico occurred at Clint, Texas on the Samalayuca Pipeline (7.2 Bcf), which continues to be the leading export point in trade with Mexico. In June, Duke Energy LNG Marketing and Management Company began importing LNG from Australia under its short-term contract with Northwest Shelf LNG Sellers.

Second Quarter Data: Long-term imports for the quarter totaled 349.2 Bcf, down from the second quarter of 1997 (354.3 Bcf). **Long-term Canadian imports** totaled 334.3 Bcf, which is also less than the second quarter of 1997 (346.9 Bcf). The average price of this gas was \$2.17 per MMBtu, which was three cents or one percent lower than the preceding quarter and 16 cents higher than the second quarter of 1997. Under **other long-term import arrangements**, Distrigas Corporation imported 7.6 Bcf of Algerian LNG at an average landed price of \$2.41 per MMBtu and PanEnergy LNG Sales, Inc. imported 7.3 Bcf of Algerian LNG at \$2.00 per MMBtu (tailgate price).

During the second quarter, 92 companies used **short-term authorizations to import** 393.2 Bcf of gas. This volume represents a 10 percent increase compared to the short-term imports of the second quarter of 1997 (357.7 Bcf). Of the total

imported this quarter, 386.2 Bcf was **imported from Canada** at an average price of \$1.71 per MMBtu, compared to \$1.48 per MMBtu in the second quarter of 1997 and \$1.73 in the previous quarter. **Imports from Mexico** totaled 4.1 Bcf and had an average price of \$2.30 per MMBtu. This price compares to \$2.07 in the second quarter of 1997 and \$1.97 in the previous quarter. Under **short-term LNG import** contracts, PanEnergy imported 0.4 Bcf from Algeria at \$2.00 per MMBtu and 2.4 Bcf from Australia at \$2.50 per MMBtu (tailgate prices). Distrigas did not import any LNG under its short-term authorizations.

Approximately 43 percent of the **short-term Canadian imports** occurred at Eastport, Idaho, at an average price of \$1.53 per MMBtu; 14 percent at Sumas, Washington, at \$1.50 per MMBtu; 16 percent at Port of Morgan, Montana, at \$1.90 per MMBtu; 16 percent at Noyes, Minnesota, at \$1.83 per MMBtu; 5 percent at Niagara Falls, New York, at \$2.32 per MMBtu; 2 percent at Waddington, New York, at \$2.23 per MMBtu; and 4 percent at various other entry points, at \$2.14 per MMBtu.

In addition, 29 **short-term export** authorizations were used, exporting a total of 24.4 Bcf of gas. Nine authorizations were used to export 10 Bcf to Canada, at an average price of \$2.15 per MMBtu. Under 20 authorizations, 14.4 Bcf was exported to Mexico at an average price of \$2.07 per MMBtu. Finally, 13.3 Bcf of LNG was exported to Japan at an average price of \$2.88 per MMBtu (delivered).

Year to Date Data: Comparing the first two quarters of 1998 with the first two quarters of 1997, gas imports increased three percent or by 45.8 Bcf (1,533.6 v. 1,487.8 Bcf). Canadian imports increased by three percent (1,483.4 v. 1,443.5 Bcf); Mexican imports decreased 36 percent (7.4 v. 11.5 Bcf); and LNG imports increased 30 percent (42.8 v. 32.8 Bcf). During the same time period, the rate of total exports increased by 13 percent (85.2 v. 75.3 Bcf). Exports to Canada decreased by 15 percent (27.3 v. 32.0 Bcf); exports to Mexico increased by 97 percent (26.0 v. 13.2 Bcf); and LNG exports increased by six percent (31.9 v. 30.1 Bcf).

This quarter's **focus report** is Planned Pipeline Construction Designed to Foster Increased Gas Trade Between the U.S. and Canada. The quarterly report and any future revisions to the report will be resident on our Electronic Bulletin Board at (202) 586-7853 or on the Fossil Energy Web Site at <http://www.fe.doe.gov>. Any questions or comments concerning this report should be directed to Yvonne Caudillo at (202) 586-4587 or by E-mail at yvonne.caudillo@hq.doe.gov.